









STATE OF THE STATE Spirit of Service

- Recognizing Arizonans
- Targeting Opioid Epidemic
- ► Honoring our Veterans
- Addressing wrong-way driving
- Securing our water future
- Reducing recidivism
- Furthering school investment

EXECUTIVE BUDGET Investing in AZ Priorities

Reducing:

Agency spending

Investing in:

- Public education
- Public safety
- ▶ Tax-relief for veterans

MAKING A DIFFERENCE Real Accomplishments

- Major investments in public schools, including reversing recession era cuts for public schools
- Arizona Opioid Epidemic Act
- Rolling back burdensome and unnecessary regulations to enhance economic freedom



WHAT I'VE LEARNED ABOUT AMS IN THE PAST THREE MONTHS

THE FOUNDATION FOR AMS: GOVERNOR DUCEY'S MANAGEMENT STYLE

"I am a believer in setting goals and tracking metrics on the way to those goals. At Cold Stone Creamery we put our vision on the wall and updated our progress regularly. Everyone in the organization was expected to understand the company goals and ensure the goals were reflected in their daily activities. We can do the same and use real metrics—that will measure how we will improve the quality of life for our citizens—in virtually every agency in state government." IDENTIFY
OPPORTUNITIES
FOR
IMPROVEMENT

SET CLEAR,
MEASURABLE
GOALS

ENGAGE STAKEHOLDERS HOLD OURSELVES ACCOUNTABLE

OUR GOALS: SPECIFIC, MEASURABLE EFFORTS TO IMPROVE ARIZONA MOST FALL WITHIN THE FOLLOWING 3 CATEGORIES



An Engaged and Productive Workforce



Efficient & Effective Government



An Unparalleled Quality of Life

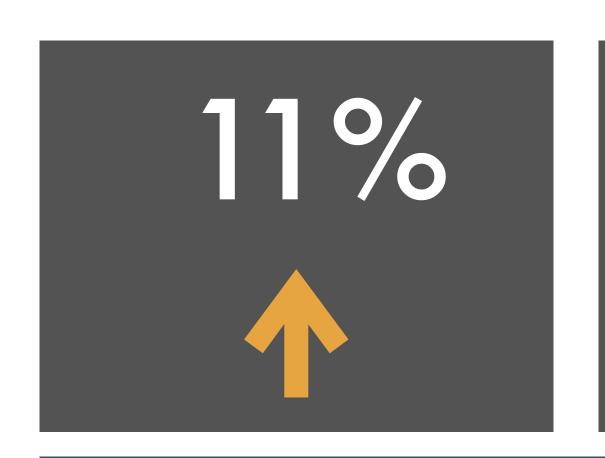


CHANGING THE CULTURE WITHIN STATE GOVERNMENT FROM THE GROUND UP

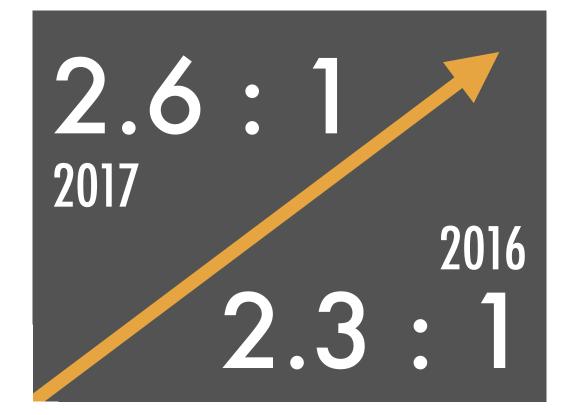
- Employees
 - Engaged at all levels
 - Empowered to identify opportunities and develop solutions
- Visual Management
 - Track and measure
 - Maintain accountability toward goals
- Results
 - Intentionally-designed processes by the employees who perform them
 - A motivated, problem-solving culture



WE KNOW THIS WORKS EMPLOYEE ENGAGEMENT



1.8:1



5.0:1

The increase in employees at the Industrial Commission who believe, "the agency values their ideas on work related problems" from 2011 to 2016.

The national average for employee engagement.

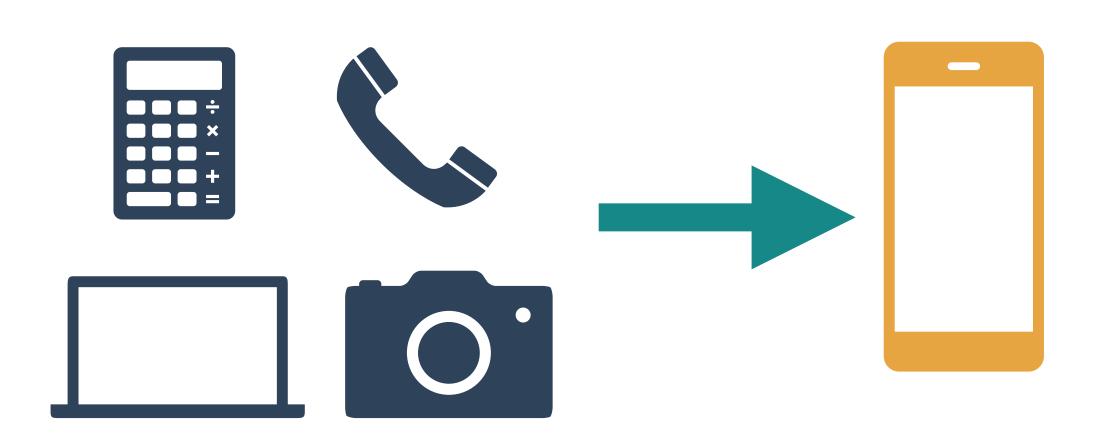
State of Arizona employee engagement continues to increase.

State employee engagement in the 9 largest agencies, which participated in the first wave of AMS deployment.



EFFICIENT AND EFFECTIVE GOVERNMENT OPERATING IN THE "AGE OF THE CONSUMER"

7,000,000 residents

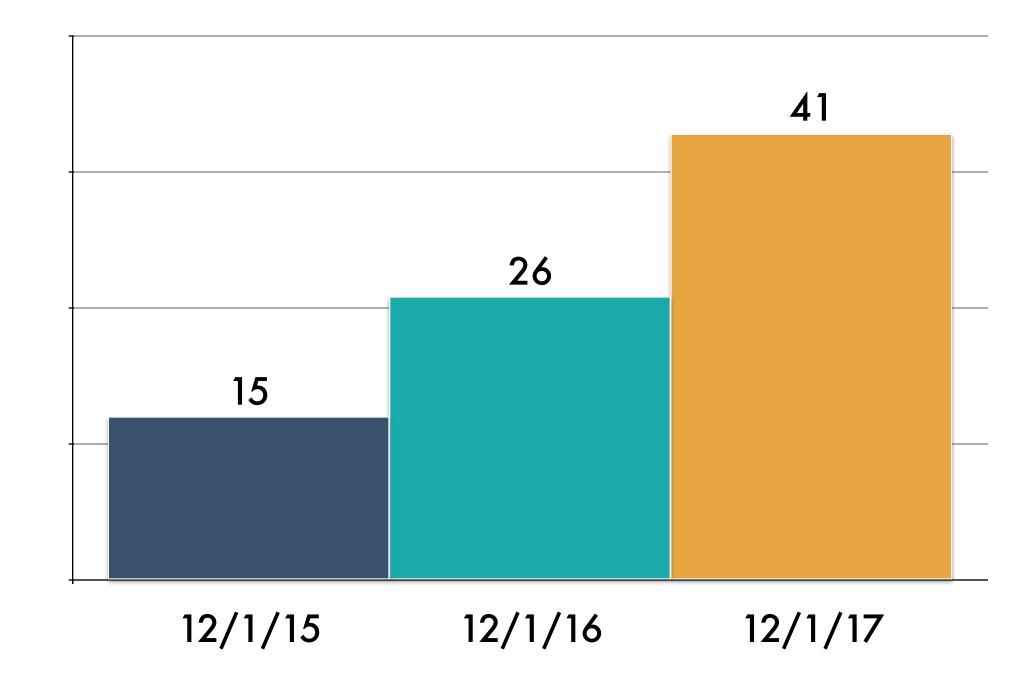


- Delivering services for an everexpanding population.
- One of the smallest state workforce per capita in the western region.
- Consumers expect more than ever before.
- Speed of business.
- ► Technology is changing, the world is changing, and our government needs to change too.

FASTER, BETTER, MORE CONVENIENT HOW ADEQ IS IMPROVING THE PERMIT PROCESS

- ADEQ issues permits and inspects facilities for businesses across Arizona to ensure the protection of Arizona air, water and soil.
- Previously:
 - Customers were required to visit physical department locations to apply for these permits
- Currently:
 - A national leader among state environmental agencies — offering 23% of services online

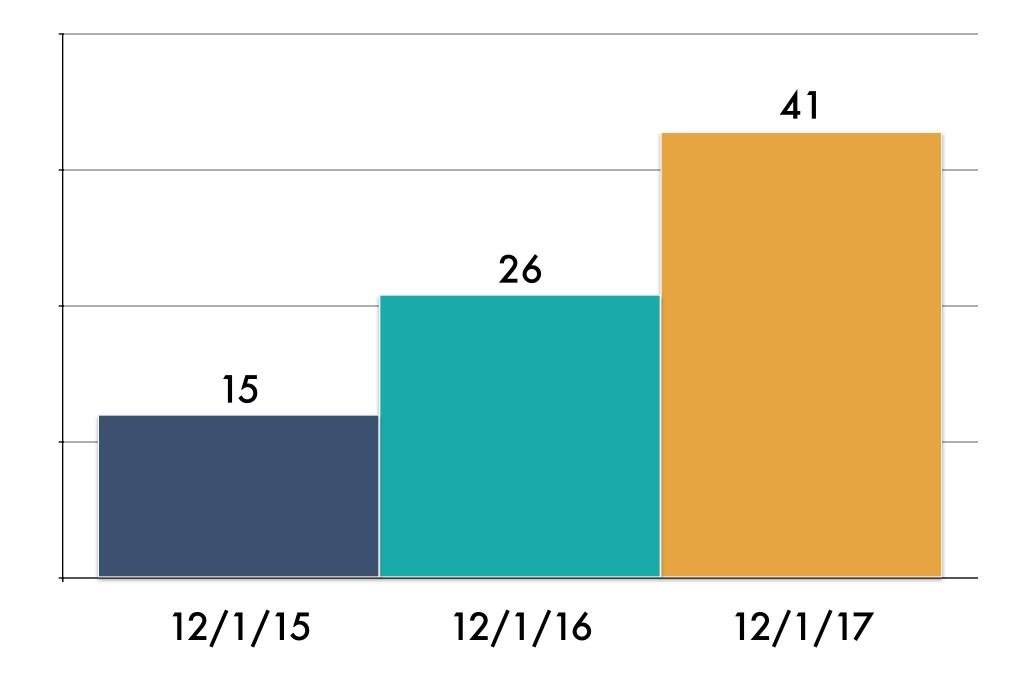
ADEQ — Number of Online Services



FASTER, BETTER, MORE CONVENIENT HOW ADEQ IS IMPROVING THE PERMIT PROCESS

- Identifying violations within 2 days instead of 2 months
- Allowing businesses to obtain same-day permits
- Generating \$145M in annual economic benefit to Arizona
- Repurposing staff to do other environmental work





SMALLER, MORE EFFICIENT REDUCING ADMINISTRATIVE COST AND PUBLIC FEES

Financial Stewardship

- ADEQ consolidated space, saving lease costs of \$417,000 in FY2017 and \$397,000 in FY2018.
- Redirecting \$19 million in savings for investment in on-line permitting portal.

Customer Savings

- Vehicle emissions inspection fee was reduced, saving Arizona motorists more than \$5.9 million through January of 2018.
- Instituted a free operator training program for UST owners, saving customers \$19,055 in training costs.



IMPROVING THE QUALITY OF LIFE FOR ARIZONANS TAXPAYERS INVEST, WE DELIVER

- AMS drives improvements that deliver hard dollar savings.
- But it's not all about dollars and cents.
- In government the return on investment is also expressed in improved quality of life.

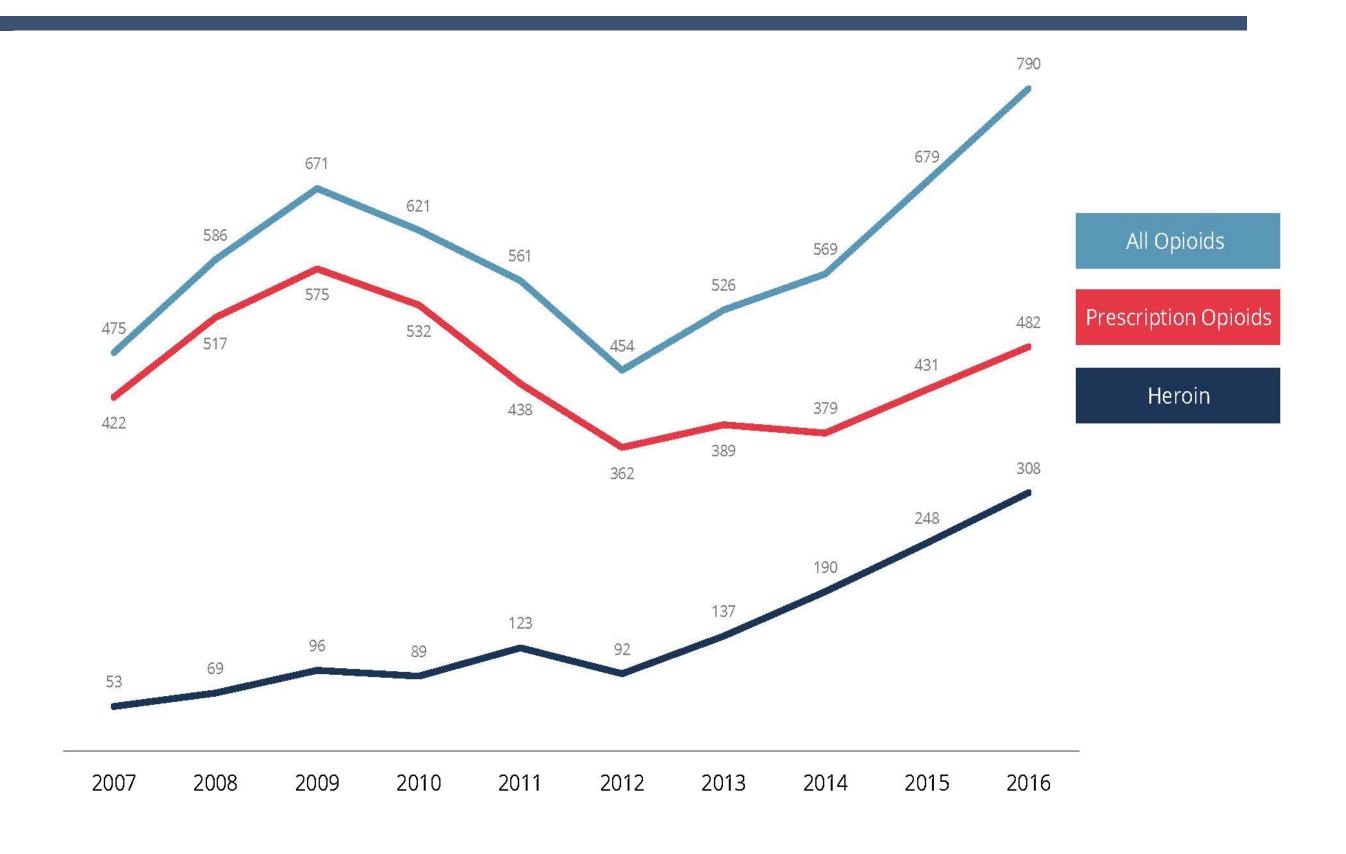
IMPROVING THE QUALITY OF LIFE FOR ARIZONANS PROVIDING RESOURCES FOR VULNERABLE ARIZONANS

- Arizona @Work: increased job placement 600% at pilot site.
- Child Care: improved management of child care services expediting access to support over 3,900 families.
- Re-employment Services for Unemployment Insurance Benefits: Reduced the amount of time of reliance from 15.2 weeks to 14.4 weeks
- Developmental Disabilities Services: 1,661 additional individuals receiving medically necessary services in FY18
- The American Dream: Increased annual disbursements of Down Payment Assistance from \$19M to \$67M from the Department of Housing.



ADDRESSING AN EPIDEMIC "IT'S TIME TO CALL THIS WHAT IT IS — AN EMERGENCY."

- ADHS and Goal Council 3 have worked toward developing a solution for the opioid epidemic
- We knew that in order to address this issue, we need to reliable, realtime data to identify the variables
- When the governor issued his Emergency Declaration in June 2017, he called for enhanced surveillance data from health professionals and law enforcement



ADDRESSING AN EPIDEMIC "IT'S TIME TO CALL THIS WHAT IT IS — AN EMERGENCY."

- We set a goal to:
 - Reduce the number of opioid related deaths and overdoses
 - Reduce the number of opioids prescribed to Arizonans on first-fills
 - Increase access to treatment for those suffering from addiction
 - Protect Arizonans suffering from chronic pain
- Our efforts were informed through enhanced data and a comprehensive stakeholder engagement strategy

AN ALL-HANDS-ON-DECK APPROACH

AN ARIZONA SOLUTION DEVELOPED THROUGH STAKEHOLDER ENGAGEMENT



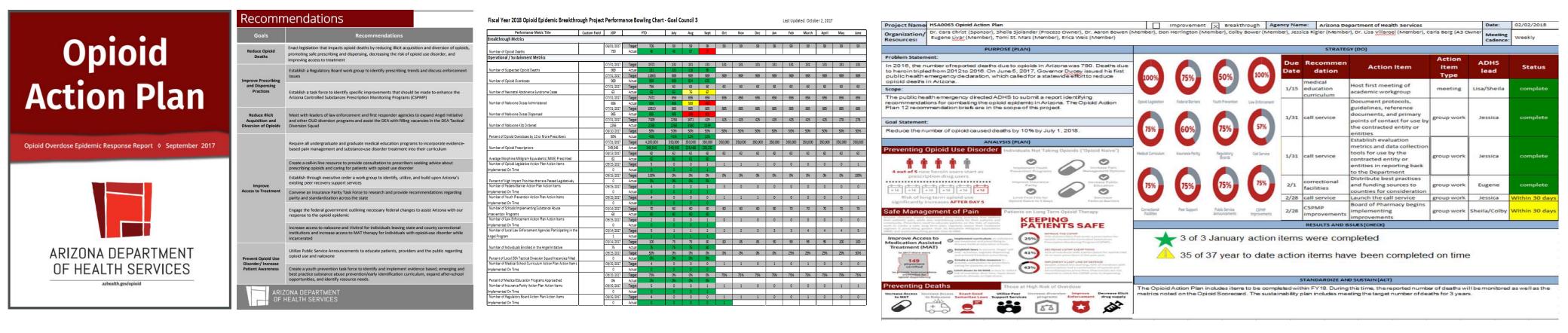




OVER 50 STAKEHOLDER MEETINGS

OVER 1,350 ARIZONANS ENGAGED

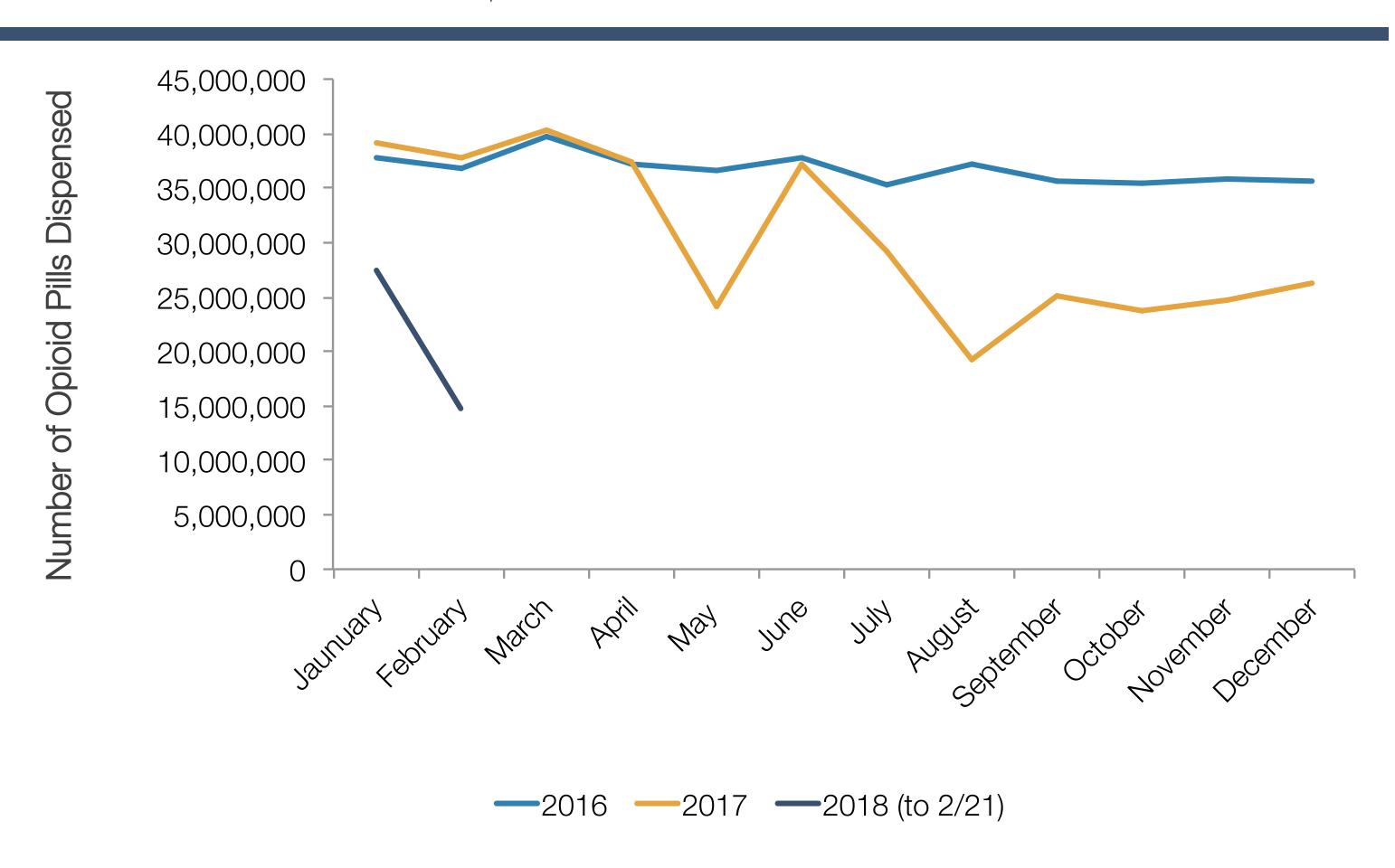
THE OPIOID ACTION PLAN MONITORING METRICS TO ACHIEVE RESULTS



Fiscal Year 2018 Agency Performance Bowling Chart - Arizona Department of Health Services Last Updated: 2/16/2018 **Breakthrough Metrics** HSA0063 Number of Opioid Plan Recommendations Implemente HSA0059 Residential Licensing Office Time - B3 Operational / Sustainment Metrics HSA0002 Number of "Health in all Policies" Action Step HSA0053 Number of Action Items Completed for Healthy People, Healthy Communities Integrated IGA - A1 HSA0042 Rate of Infant Death - A2 HSA0052 Number of information exchanges with the Health Currer health information exchange - A2 HSA0031 Percent of Items in Compliance During Performance Aud HSA0062 Number of Action Items Completed in the P3/Center of Psychiatric Excellence Action Plan - A3 HSA0006 Number of Home Visits Provided - A4 HSA0054 Number of School-based Dental Sealant Programs Completed in High Needs Schools - A4 HSA0005 Percent of Available State Loan Repayment Dollars Utilia Services - B1 HSA0008 Percent of Reported Pathogen Cases Reported On Time HSA0009 Percent of Employees Responding to After Hours Call HSA0010 Percent of Staff with NVCI Training - B2 HSA0011 Number of Tasks in Bullying Prevention Initiative Implemented On Time - B2 7/1/17 Target 13,386 561 2,075 2,775 1,975 1,800 500 3,700 2,850 2,875 2,700 3,600 400 HSA0019 Number of Teen Pregnancy Prevention Services Provided HSA0020 Number of Opioid Deaths per Month - B3 HSA0070 Number of Suspected Opioid Overdoses - B3

THE OPIOID ACTION PLAN MONITORING METRICS TO ACHIEVE RESULTS

- Targeting the problem
- Implementing a solution
- Measuring the results



ARIZONA OPIOID EPIDEMIC ACT "IT'S TIME TO CALL THIS WHAT IT IS — AN EMERGENCY."

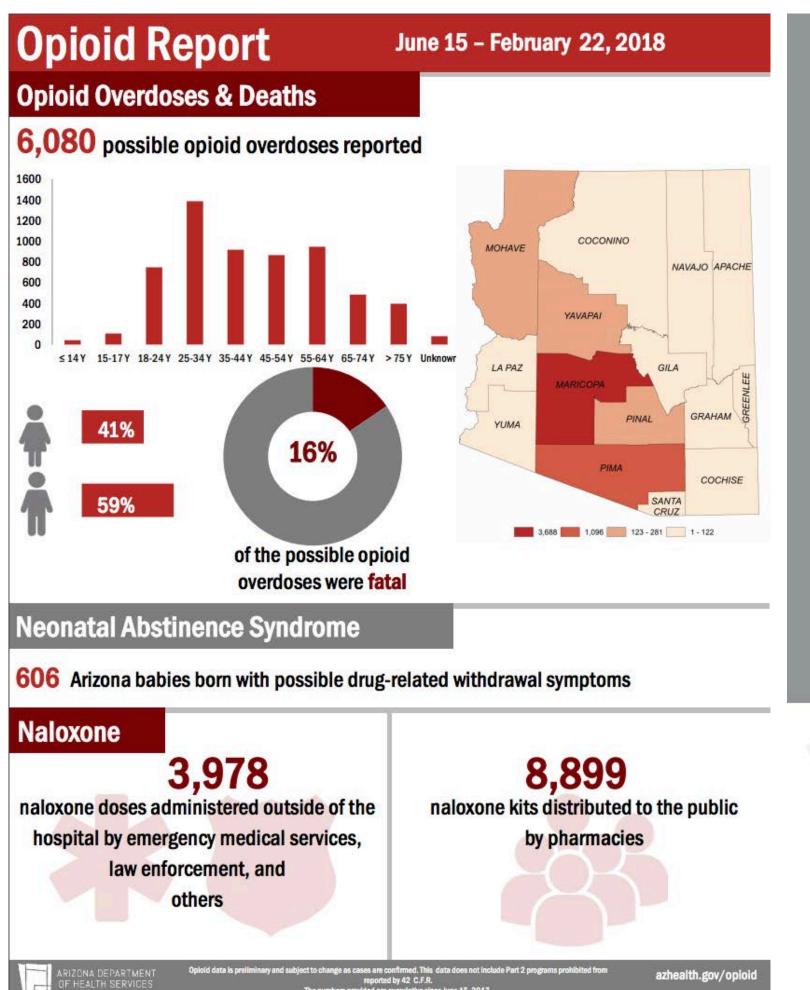
"This is a tremendous example of what we can achieve when we work together. The Arizona Opioid Epidemic Act provides thoughtful, aggressive policy solutions to address this growing crisis and help save lives across our state."

- Governor Doug Ducey



NEXT STEPS

OUR CONTINUED EFFORTS TO ADDRESS THE EPIDEMIC







MEL & BHID ZUCKERARAN COLLEGE OF PUBLIC HEALTH
Center for Rural Health



24/7 FREE OPIOID PRESCRIBER CONSULTATION LINE

AVAILABLE EARLY MARCH 2018

The Arizona Department of Health Services is excited to partner with the Arizona Poison and Drug Information Center to launch the **first in the nation** hotline for medical providers in need of consultation for prescribing opioids.







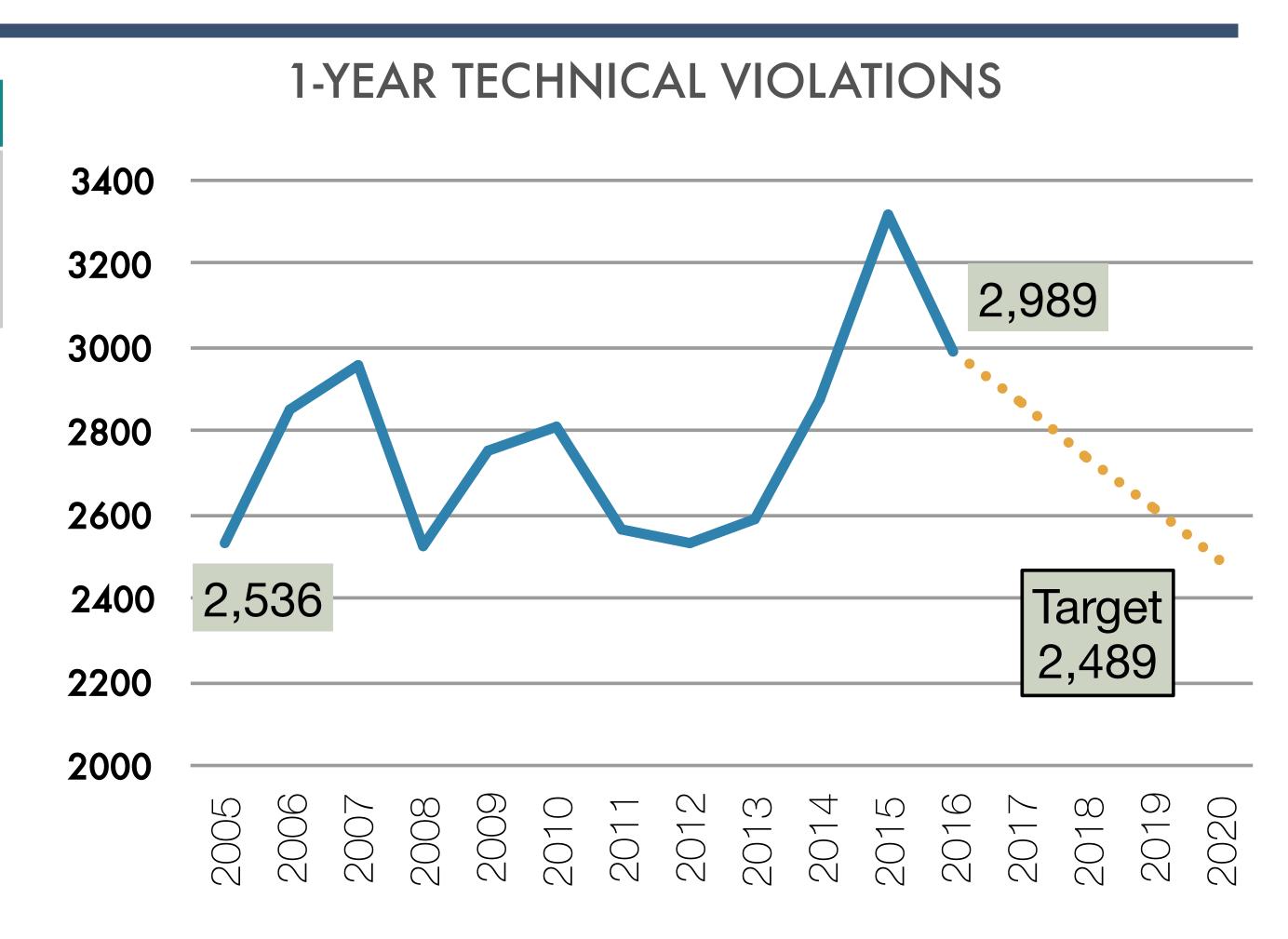


A REAL SECOND CHANCE A GOAL TO REDUCE RECIDIVISM

Goal	2-Year	5-Year
↓ the # of 1-year technical violators	20%	25%

Collaboration between:

- Corrections
- Homeland Security
- Juvenile Corrections
- Criminal Justice Commission
- AHCCCS
- Health Services
- Economic Securiity
- Registrar of Contractors
- Housing
- Veterans Services



A REAL SECOND CHANCE BY THE NUMBERS

Inmate Population

decrease in the prison population — the largest decrease in the prison population since 1974 (702).

Second Chance Centers

725

successful program completions

198

current participants

397

graduates with employment opportunities

9%

have returned to custody.

A REAL SECOND CHANCE OUR PROGRESS

Activity Updates

- Expanding Career Training
- UBER/Lyft Second Chance Rides
- Faith-Based/Non-ProfitOrganizations
- Native Health of Phoenix

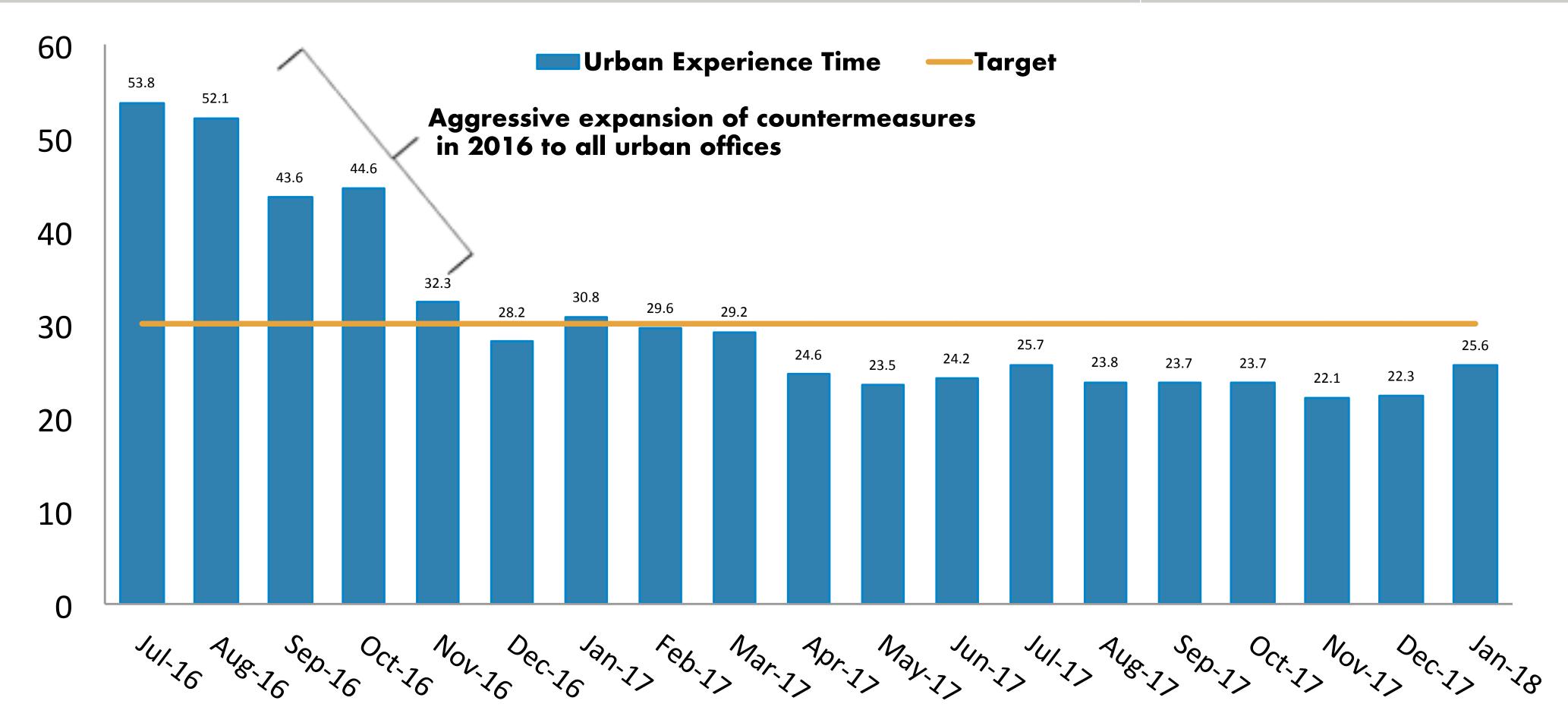
Challenges Ahead

- Community concerns regarding reentry center locations.
- Need for more substance abuse treatment counselors.



MVD CUSTOMER HOURS SAVED REAL RESULTS

Goal	FY 18 GOAL
↓ Customer Experience time below 30 minutes	<30 minutes

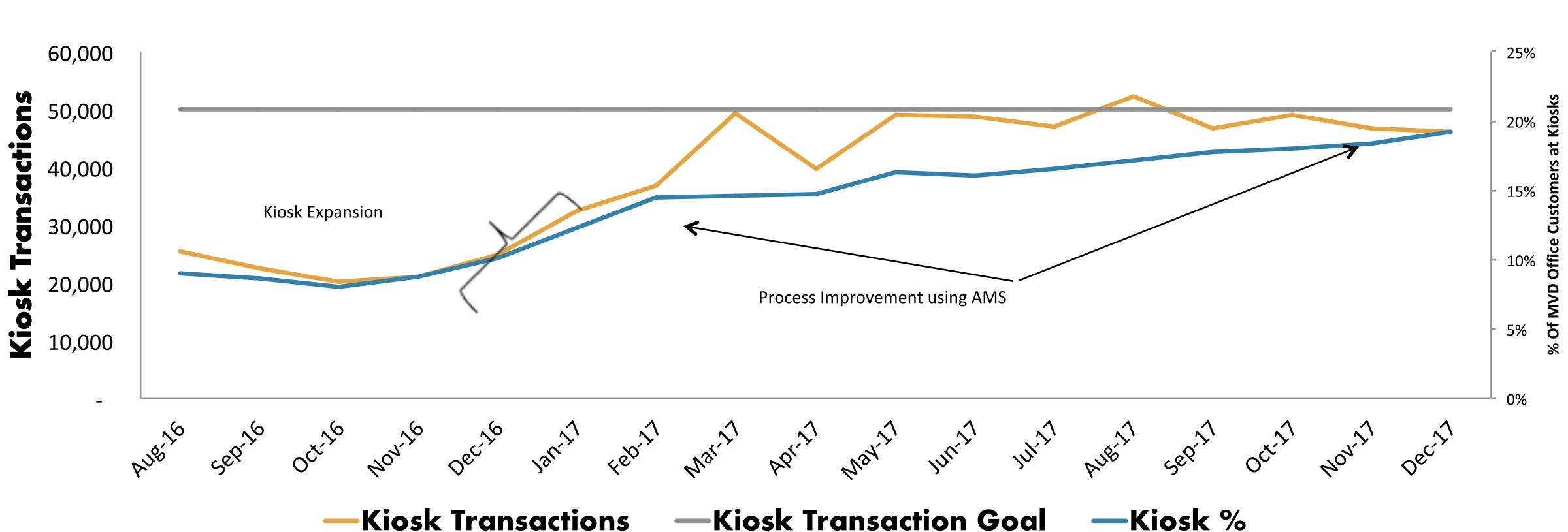


MVD CUSTOMER HOURS SAVED — URBAN REAL RESULTS

- ▶ The average experience cut by more than 50% to about 23 25 minutes
- Activities:
 - Reduced % of customers waiting over 15 minutes from over 70% to under 25%
- Road test appointment scheduling
 - ▶ Prior to August 2016, customers spent >2 hours waiting for road tests
 - Road tests often require parents to take time off work; with appointments, the event is much more predictable
 - Current average visit time for a road test is about 30 minutes (average wait time of 5 minutes)

MVD CUSTOMER HOURS SAVED REAL RESULTS





MVD CUSTOMER HOURS SAVED - URBAN REAL RESULTS

- Historical Update:
 - Kiosk volume increased by 25,000 per month over previous year
 - ▶ This monthly volume is like adding the capacity of 2 large regional offices.
- Activities:
 - Improve non-registration use
 - Optimize kiosk locations
 - Improve office support process
 - ▶ 1 in 5 customers served at kiosks
 - ▶ 12 of last 13 months volume increased
- Challenges:
 - Kiosk and network stability
 - User interface
 - Perception, both internal and external

ENGAGING EMPLOYEES AT ALL LEVELS

REFORMING THE PROCESSES WITH PEOPLE PERFORMING THE PROCESSES



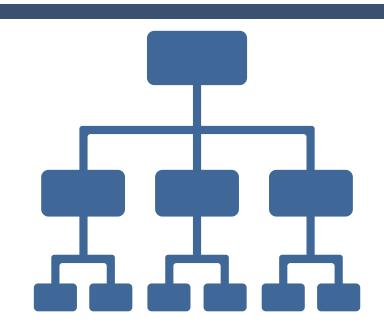
Success

- Can see and feel improvements
- Reduced overtime
- Less negative customer feedback
- Achievement of goals
- More things seem possible



Understanding

- Employees know business
- Know and understand direction and goals
- Challenges are opportunities

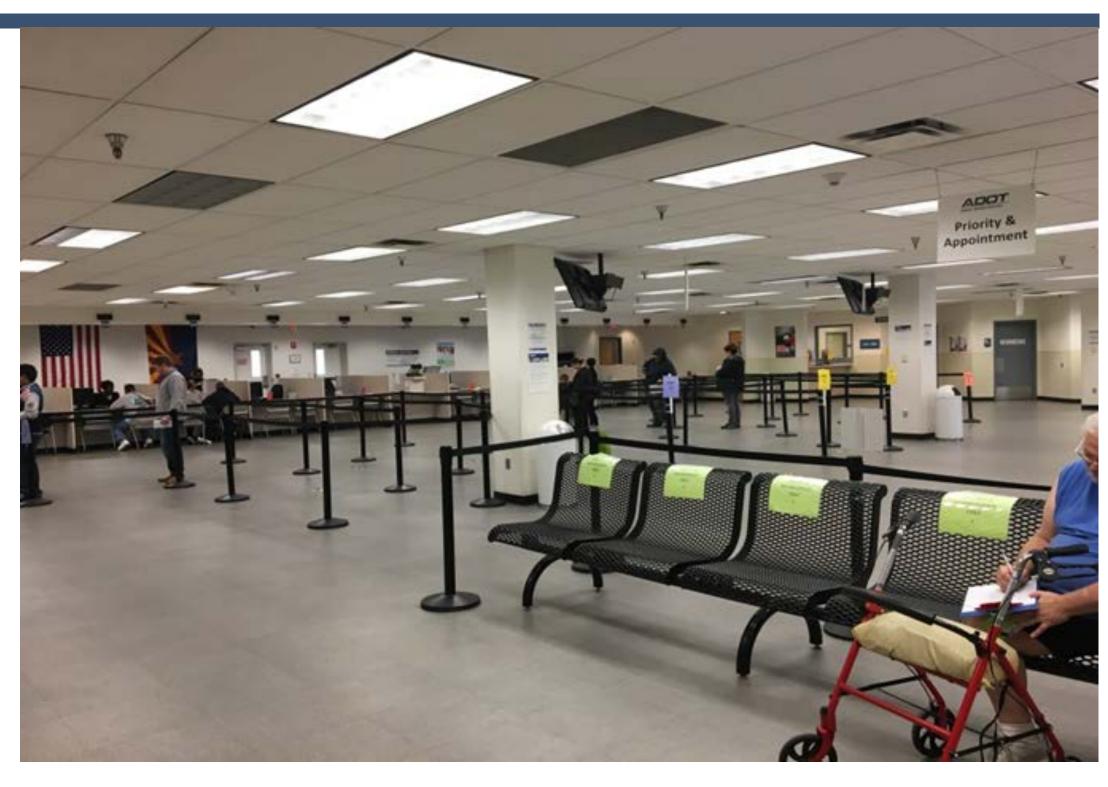


Engagement

- Employee ideas used –
 huddle boards and kaizens
- Acceptance of change is easier
- ADOT engagement score up from 1.5 to 2.8

MVD CUSTOMER HOURS SAVED REAL RESULTS

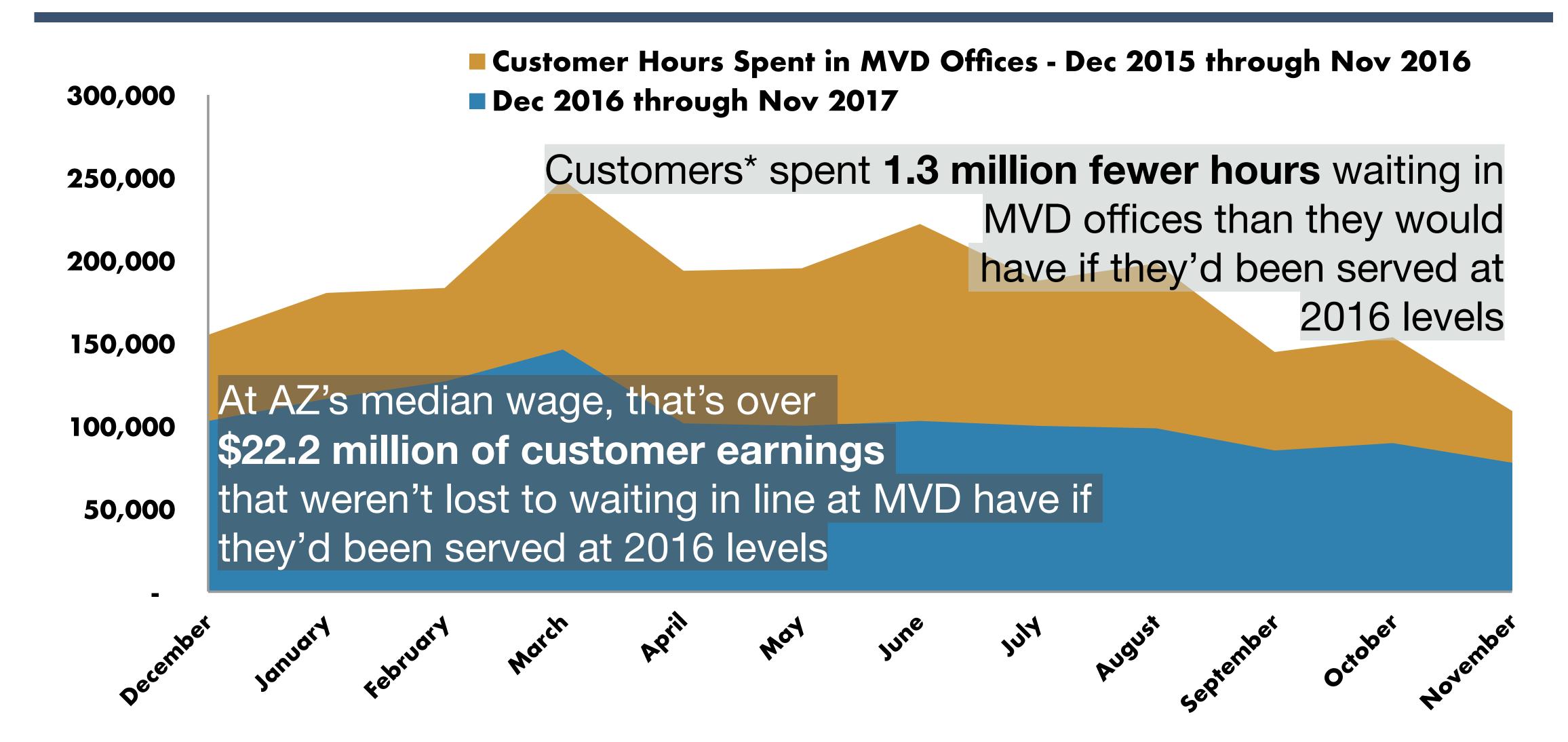




MVD Office at 51st Ave. and Indian school in Same office serving over 1,000 customers Phoenix serving about 800 customers per day in 2016

per day in 2017.

MVD CUSTOMER HOURS SAVED REAL RESULTS



^{*}MVD offices served 3.3 million customers over this timespan, between the windows and kiosks



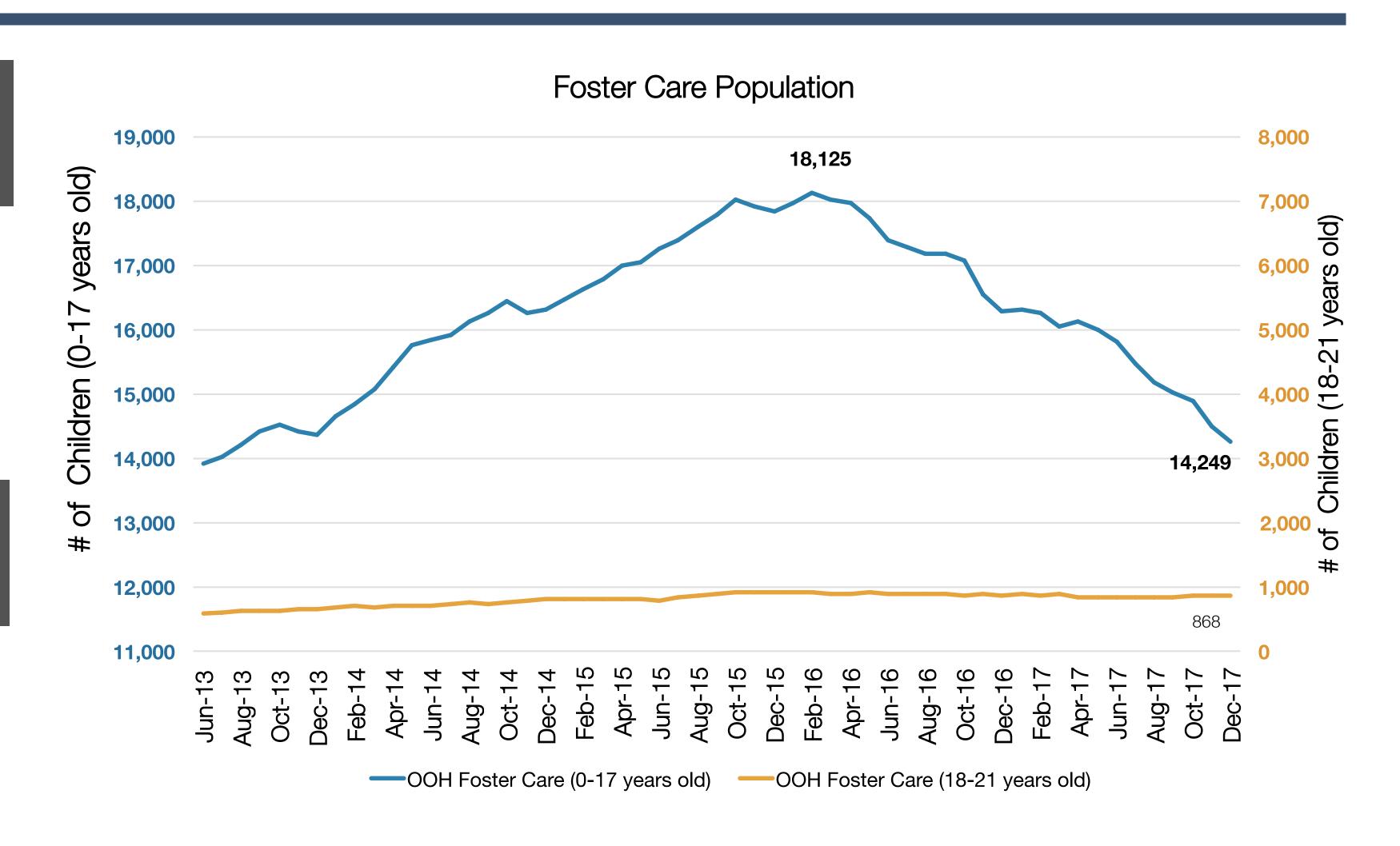
SAFE FOSTER CARE REDUCTION PROVIDING LOVING HOMES FOR KIDS IN STATE CARE

19,044

Arizona's foster care population as of March 2016.

15,117

Arizona's foster care population today.



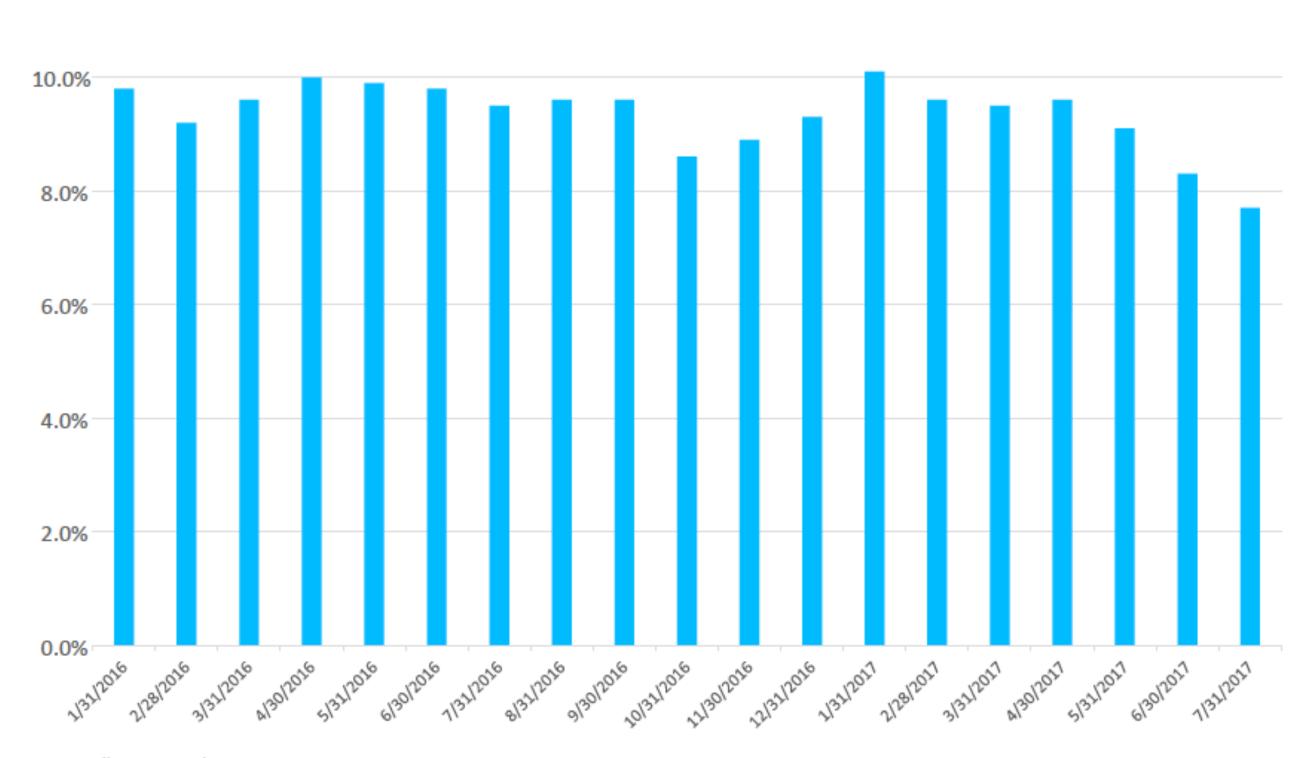
SAFE FOSTER CARE REDUCTION PROVIDING LOVING HOMES FOR KIDS IN STATE CARE

12.0%

- The reduction of the foster care population reduction of within the last 24 months.
- This ranks AZ as the best state in the U.S. for foster care reduction representing the largest % change nationally.

Re-entry within 6 months of Exiting Care

Children who exited care 6 months ago this month, what % reentered care in the last 6 months

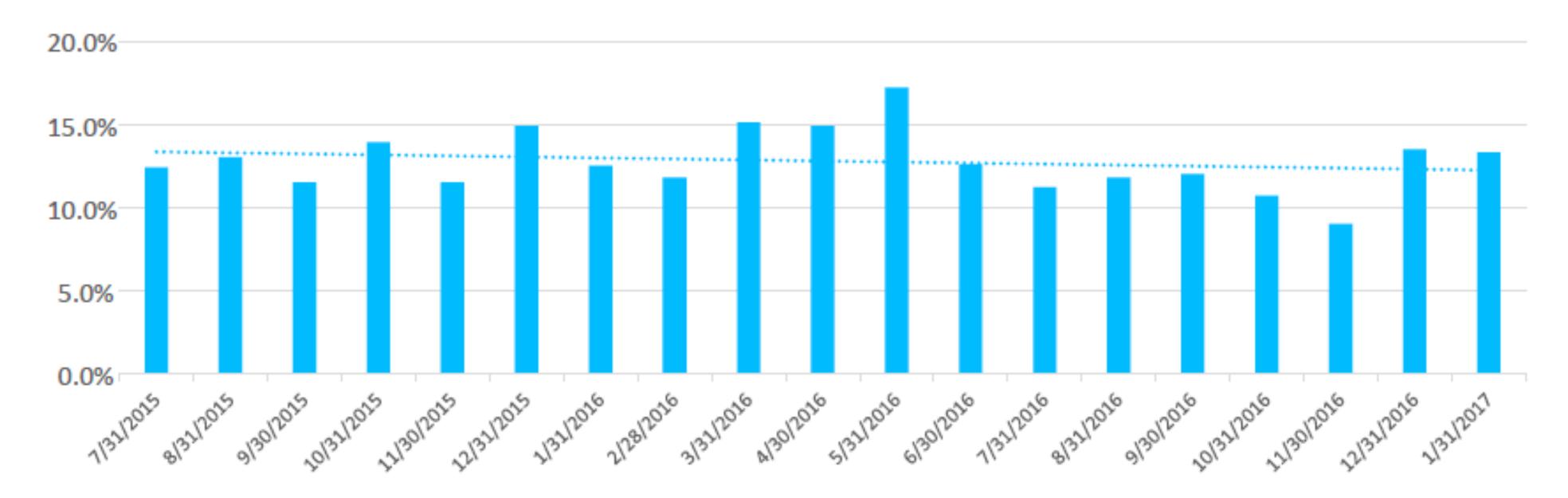


NOTE: Rolling 6 month average Data Source: DCS Einstein, 2.7.18

SAFE FOSTER CARE REDUCTION PROVIDING LOVING HOMES FOR KIDS IN STATE CARE

Re-report within 12 months of Exiting Care

Children who exited care 1 year ago this month, what % had a re-report of abuse or neglect in the last 12 months



Data Source: DCS Einstein, 2.7.18

PROTECTING OUR MOST VULNERABLE CHILDREN QUALITY CARE

- Best in class hotline for citizens and mandated reporters
- Improved Response time compliance from 54% to 92%
- Reduced Inactive case backlog from 16,200 to 178
- Reduced Total Open reports from 33,245 to 5,669
- Reduced # of children entering foster care by ~20%
- Reduced service waitlist from 1,000+ to 52 families
- Increased finalized adoptions by 30% (CY14 vs CY17)

PROTECTING OUR MOST VULNERABLE CHILDREN OPERATING EFFICIENTLY

- Cost avoided \$67M supplemental request through service contract negotiations and safe foster care reduction
- Reduced the use of shelter care by 60%
- Increased state vehicle utilization saving \$1M+ in personally owner vehicle reimbursement
- Reduced overtime \$4M annual savings
- Reduced use of private lease facilities from 84 to 63 facilities saving \$2M annually

PROTECTING OUR MOST VULNERABLE CHILDREN SAFE PLACEMENT

- Emergent Placements:
 - DPS Query; ACIC, NCIC, SORI, now III (DCS legislation, enacted 2017)
 - CHILDS and Central Registry checks
 - Home check with follow up referral for complete home study by private agency
 - Fingerprinting (DCS 1st to pilot "Field Print" with DPS)
 - Ordered by the court of jurisdiction

- Licensed Foster Placements:
 - Criminal background, training, life safety inspection, home study
 - Fingerprint clearance cards run every 24 hours to alert DCS of arrest
 - 26 HRSS (Home Recruitment Study Supervision) agencies accountable;
 \$39M annual spend
 - Ordered by the court jurisdiction

PROTECTING OUR MOST VULNERABLE CHILDREN CHALLENGES AHEAD

- Continued need for congregate care
 - Court and system backups leading to permanency delays
 - Behavioral Health delivery; exploring integration models
 - Massive change to federal funding streams



CUSTOMER SAVINGS SAVING ARIZONANS TIME AND MONEY

\$48,000,000+

Through elimination of 676 regulatory burdens, we saved Arizona businesses over \$48 million in lost productivity — without costing the general fund a dime.

\$6,300,000+

Saving to customers through reduced fees — we've calculated over \$6.3m in savings at ADEQ and ICA alone

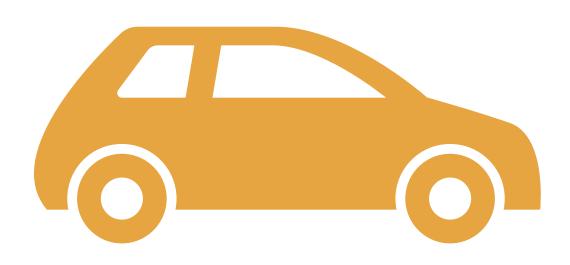
INTERNAL SAVINGS

RESPONSIBLE USE OF PUBLIC DOLLARS



Real Estate Efficiencies

- As a result of space efficiencies, the state expects to sell \$15,700,000 in real estate by the end of CY18.
- As a result of consolidation efforts, 27 boards and commissions are colocated in one building, saving \$1.4M annually



Fleet and Travel Reduction

- ▶ 14% reduction in the fleet
- Hard savings of over \$3,000,000
- Cost avoidance of \$31,000,000
- Reduction in state travel
- Reduction in personal vehicle reimbursement



Overtime Reductions

- Improved work life balance
- Reducing overtime in functions through efficiency, directing resources where needed most
- ► DCS reduced overtime, saving over \$3m dollars since 2016

WHAT'S NEXT? MAJOR INITIATIVES DISCUSSED AT MARCH CABINET MEETING

- Workforce Preparedness
- Broadband Connectivity
- Securing AZ's Water Future
- Traffic Fatalities

